



Ninety-Eighth Legislature - Second Session - 2004
Introducer's Statement of Intent
LB 1093

Chairperson: Ron Raikes
Committee: Education
Date of Hearing: January 27, 2004

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Legislative Bill 1093 would permanently extend the \$1.05 maximum levy for school districts, the temporary aid adjustment factor in the Tax Equity and Educational Opportunities Support Act, and the exception to the maximum levy associated with the temporary aid adjustment factor.

Section 77-3442 generally limits school systems to a maximum levy of \$1.00, except that the general maximum levy for 2003-04 and 2004-05 was increased to \$1.05. Section 77-3442 would be amended by removing provisions that would return the maximum levy for school districts to \$1.00, from the current \$1.05.

The temporary aid adjustment factor equals 1.25% of what would otherwise be the formula needs for a local system. State aid for the local system is then reduced by the amount of the factor using three different components of the state aid calculation and a levy exception is allowed to recover the reduction in aid. Currently, calculation and application of the temporary aid adjustment factor is limited to school fiscal years 2002-03 through 2004-05. Section 77-3442 would be further amended by removing the sunset for the exception to the levy limitations.

In response to the permanent extension of the factor, it would be renamed the total aid adjustment factor. The renaming would begin with an amendment to the definition in section 79-1003. Then all references to the temporary aid adjustment factor would be amended to use the term total aid adjustment factor.

Section 79-1005.02 would be amended by deleting the provisions which restricted the section to school fiscal years 2002-03, 2003-04, and 2004-05. The section currently provides for the calculation of allocated income tax funds for each local system, taking into account the temporary aid adjustment factor. The calculation of allocated income tax funds is one of the components used to reduce aid by the amount of the factor.

Section 79-1005.02, which currently provides for the calculation of allocated income tax funds when the temporary aid adjustment factor is not in effect, would be outright repealed.

Section 79-1007.02 would be amended by removing the provisions limiting the inclusion of the temporary aid adjustment factor in the calculation of formula need to school fiscal years 2002-03, 2003-04, and 2004-05. The calculation of formula need is another component used to reduce aid by the amount of the factor.

Section 79-1007.01 would be amended by harmonizing cross references with changes proposed for section 79-1007.02.

Section 79-1008.01 would be amended to eliminate the return to a stabilization factor based on 85% of prior year state aid. With the temporary aid adjustment factor in effect, the current stabilization factor is based on 83.75% of prior year state aid.

Section 79-1008.01 would also be amended to eliminate the return to a small school stabilization factor based on 90% of prior year state aid plus property tax receipts. With the temporary aid adjustment factor in effect, the current small school stabilization factor is based on 88.75% of prior year state aid plus property tax receipts.

Section 79-1009 would be amended by eliminating net option funding calculations that do not include the temporary aid adjustment factor. The calculation of net option funding is also a component used to reduce aid by the amount of the factor. A cross reference would be amended to harmonize with the outright repeal of section 79-1005.01.

Sections 79-1008.02 and 79-1017.01 would be amended by harmonizing cross references with the outright repeal of section 79-1005.01.

Principal Introducer:

Senator Ron Raikes